

Message Text

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15

ACTION EB-07

INFO OCT-01 AF-06 ARA-06 EUR-12 EA-07 NEA-10 IO-10 ISO-00

FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00

DODE-00 FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05

OMB-01 PM-04 USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04

TRSE-00 /131 W

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P R 181530Z SEP 75

FM AMEMBASSY LIBREVILLE

TO SECSTATE WASHDC PRIORITY 6875

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY BEIRUT

AMEMBASSY BONN

USMISSION EC BRUSSELS

AMEMBASSY CARACAS

AMEMBASSY DOHA

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LONDON

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY QUITO

AMEMBASSY ROME

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

AMEMBASSY TRIPOLI

USMISSION USUN NEW YORK

AMEMBASSY VIENNA

C O N F I D E N T I A L LIBREVILLE 1487

E.O. 11652: GDS

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TAGS: ENRG, GB

SUBJ: OPEC OIL PRICE DECISION

REF: STATE 217382

SUMMARY. GABON HAS HEARD OUR ARGUMENTS AGAINST OIL PRICE INCREASE AT FORTHCOMING OPEC MEETING BUT IS UNLIKELY BE VERY HELPFUL IN DIRECTION DESIRED. END SUMMARY.

1. I CALLED SEPTEMBER 18 ON MINISTER OF STATE FOR MINES AND ENERGY MBOUY-BOUTZIT (WHO WILL HEAD GOG DELEGATION TO SEPT 24 OPEC MEETING) TO PRESENT ARGUMENTS REFTTEL AGAINST DECISION TO INCREASE PRICE OF CRUDE OIL. MBOUY-BOUTZIT LISTENED POLITELY AND CAREFULLY TO DETAILED EXPOSITION OF USG POSITION, WHICH I NOTED TO HIM WAS ALSO BEING SET FORTH TO HIS COUNTERPARTS IN OTHER OPEC CAPITALS.

2. IN REPLY TO MY PRESENTATION, MBOUY-BOUTZIT LAUNCHED INTO LENGTHY AND SOMEWHAT RAMBLING REITERATION OF BASIC GOG AND OPEC CONCERNS. OIL PRODUCING COUNTRIES, HE SAID, WILL EXAMINE SITUATION AT SEPT 24 MEETING IN LIGHT OF DECISIONS PREVIOUSLY TAKEN IN ALGIERS AND LIBREVILLE. IN ALGIERS, HE RECALLED, STRESS HAD BEEN PLACED ON NEED TO PROTECT PURCHASING POWER OF OPEC MEMBER STATES IN FACE OF WORLDWIDE INFLATION. YET IN INTERIM, INFLATION HAD CONTINUED VIRTUALLY UNCHECKED (POINT I SOUGHT TO CHALLENGE) AND FLUCTUATION IN VALUE OF DOLLAR HAD FURTHER UNDERCUT PURCHASING POWER OF OPEC REVENUES. AGAINST THIS BACKGROUND, INDUSTRIAL NATIONS SHOULD UNDERSTAND OPEC CONCERNS AS ORGANIZATION EXAMINES DECISION ON FUTURE OF PRICE FREEZE DUE TO EXPIRE AT END OF MONTH. AT VERY LEAST, HE NOTED, OPEC ALMOST CERTAIN TO ADOPT SDR AS UNIT OF ACCOUNT, WHICH WOULD IN INTSELF ENTAIL SOME DEGREE OF PRICE INCREASE.

3. SHIFTING TO SOMEWHAT BROADER FOCUS THAN OPEC ALONE, MBOUY-BOUTZIT DISCOURSED ON NEED FOR FUNDAMENTAL CHANGE IN WORLD ECONOMIC ORDER. WORLD PEACE AND STABILITY, HE SAID, AS WELL AS MILLIONS OF LIVES IN MSA COUNTRIES, DEPEND ON CREATING MORE JUST SYSTEM IN WORLD ECONOMY. CONFIDENTIAL

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BOTH THE OPEC STATES AND OTHERS IN THE GROUP OF 77 SHARE OUR DESIRE FOR DIALOGUE ON THIS SUBJECT, AND THEY HAD OPPOSED TALKING ONLY ABOUT ENERGY BECAUSE THEY BELIEVED THAT DC INTEREST IN THIS ONE TOPIC OFFERED THEM ONLY EFFECTIVE LEVER TO FORCE MORE GENERAL CONSIDERATION OF OVERALL ECONOMIC PROBLEMS. AS PARENTHETICAL NOTE, HE ADDED THAT LDCS (IN THIS CASE, PRIMARILY OPEC) AND BEEN DISTURBED AT WHAT SEEMED TO THEM U.S. "THREATS" AT

VARIOUS TIMES IN PAST (HE MADE NO SPECIFIC REFERENCE TO SECRETARY'S ORLANDO REMARKS) AND HAD EVEN WONDERED WHETHER FALL IN VALUE OF DOLLAR WAS DELIBERATE USG MEASURE TO UNDERCUT REVENUES.

4. MBOUY-BOUTZIT CONCLUDED BY PROMISING THAT GOG AND OTHER OPEC MEMBERS WERE FULLY AWARE OF CONCERNS WE HAD EXPRESSED WITH REGARD TO POSSIBLE FRESH OIL PRICE INCREASE AND WOULD TAKE THESE FULLY INTO ACCOUNT IN REACHING DECISION AT NEXT WEEK'S MEETING. HE NONETHELESS REITERATED IMPORTANCE WHICH PRESIDENT BONGO AND GOG ATTACH TO PRESERVING PURCHASING POWER OF OIL REVENUES, AND MADE CLEAR THAT THIS WOULD BE KEY FACTOR IN DETERMINING FINAL GOG POSITION.

5. I CLOSED MEETING BY SUMMARIZING ARGUMENTS CONTAINED REFTEL AND AGAIN EXPRESSING HOPE THAT GOG WOULD FOR REASONS WE HAD CITED EXERCISE MODERATING INFLUENCE AT OPEC SESSION. IN SO DOING, I PLACED PARTICULAR STRESS ON IMPACT FRESH PRICE RISE WOULD HAVE ON NON-OIL PRODUCING LDCS ALONG LINES PARAS 27-30 OF STATE 207722, ARGUMENT WHICH RESPONDED DIRECTLY TO MBOUY-BOUTZIT'S EXPRESSED CONCERN FOR FATE OF MSAS.

6. COMMENT: FOR GOG, WHICH IS SPENDING OIL REVENUE ON AMBITIOUS DEVELOPMENT SCHEMES AS FAST AS IT COMES IN, PROTECTION AND POSSIBLE INCREASE OF PURCHASING POWER WILL PROBABLY PROVE OVERRIDING ARGUMENTS IN DECIDING POSITION ON PRICE INCREASE. THUS, UNLESS OPEC STATISTICIANS CURRENTLY AT WORK IN GENEVA LEND US UNEXPECTED SUPPORT ON THIS POINT (AND VIENNA 7931 SUGGESTS THE CONTRARY), GABONESE DELEGATION SEEMS LIKELY TO FAVOR AT LEAST SOME PRICE BOOST AND TO
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EXERCISE ITS LIMITED INFLUENCE IN THIS UNHELPFUL
DIRECTION. STEIGMAN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, POLICIES, PRICES, MINISTERIAL MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 18 SEP 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975LIBREV01487
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750325-0379
From: LIBREVILLE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750940/aaaabjhd.tel
Line Count: 156
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 STATE 217382
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 09 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 APR 2003 by BoyleJA>; APPROVED <17 OCT 2003 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: OPEC OIL PRICE DECISION
TAGS: ENRG, GB
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006